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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte YISROEL LEFKOWITZ

Appeal 2011-002721
Application 09/729,984
Technology Center 3600

Before HUBERT C. LORIN, JOSEPH A. FISCHETTI, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

An oral hearing was held on Mar. 6, 2012.

STATEMENT OF THE CASE

Yisroel Lefkowitz (Appellant) seeks our review under 35 U.S.C. § 134 of the final rejection of claims 1, 2, 4-12, 14-20, 85, 96-102, 104, 105, and 108. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We REVERSE and enter new grounds of rejection pursuant to 37 C.F.R. 41.50(b).[1]

THE INVENTION

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

> 1. A method of selling international travel tickets in combination with duty free items from a single merchant, comprising the steps of:
>
> offering to sell to a customer, over a computer network, a specific international travel ticket for travel with a first passenger carrier at a discounted price and one or more specific duty free items;
>
> in conjunction with said offer to sell said specific international travel ticket at said discounted price, requiring said customer to select for purchase as part of a single transaction both the specific international travel ticket and at least one specific duty free item selected from a group of one or more specific duty free items, the at least one specific duty free item to be delivered to the customer at or near an exit point or on board the passenger carrier during the travel associated with the specific international travel ticket said merchant having arranged with the first passenger carrier for delivery of the at least one specific duty free item to said customer during the travel associated with said specific international travel ticket without the merchant being required to pay at least a portion of a concession fee otherwise charged by the first passenger carrier to merchants for selling or delivering such duty free items;

[1] Our decision will make reference to the Appellant's Appeal Brief ("App. Br.," filed Aug. 31, 2009) and Reply Brief ("Reply Br.," filed Sep. 21, 2010), and the Examiner's Answer ("Answer," mailed Jul. 21, 2010).

said merchant acknowledging said customer's decision to purchase said specific international travel ticket and said at least one specific duty free item, the acknowledgment being made over said computer network;

said merchant accepting payment over said computer network from said customer for said specific international travel ticket and said specific duty free item;

said merchant delivering said specific international travel ticket to said customer; and

said merchant advising said customer of the method of delivery of said specific duty free item to said customer, said method of delivery being connected to said customer engaging in the international travel associated with said specific international travel ticket;

wherein said merchant determines the discounted price of said specific international travel ticket based at least in part on a dollar value of one or more duty free items which are or must be purchased from the merchant such that the portion of the concession fee not paid by the merchant on the dollar value is sufficient to allow the merchant to sell the specific international ticket at the discounted price.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Walker	US 6,847,965 B2	Jan. 25, 2005

"Air France corrects and replaces previous announcement," Business Wire, p1230241, Jan. 23, 1996. [Air France]

Ong-Yeoh, David, "Golden Boutique set to boost MAS revenue," Business Times (Malaysia), p. 2, Aug. 26, 1995. [Ong-Yeoh]

"Official Notice is taken that it is old and well known for merchants and the like to negotiate an agreement with a manufacturer, host,

provider of a goods and services and to pass all or some of the savings that result from said agreement to the customers." Answer 5. [Official Notice]

The following rejections before us for review:

1. Claims 1, 2, 4, 5, 7-12, 14, 15, 17-20, 85, 96-102, 104, 105, and 108 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, and Official Notice.
2. Claims 6 and 16 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, Official Notice, and Ong-Yeoh.

ANALYSIS

Claim construction

We take this opportunity to construe claim 1. "Analysis begins with a key legal question -- what is the invention claimed? Courts are required to view the claimed invention as a whole. 35 U.S.C. § 103. Claim interpretation, in light of the specification, claim language, other claims, and prosecution history, is a matter of law and will normally control the remainder of the decisional process." *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1567-68 (Fed. Cir. 1987).

Claim 1 is directed to a method of selling international travel tickets in combination with duty free items from a single merchant, comprising six steps.

The first step calls for offering to sell to a customer a specific international travel ticket at a discounted price and a duty free item.

In the second step, which occurs in conjunction with the first step, the customer selects, as a single transaction, both the specific international travel ticket at a discounted price and a duty free item.

In the third step, the merchant acknowledges the purchase.

In the fourth step, the merchant delivers the ticket to the customer.

In the fifth step, the merchant advises the customer of the delivery method of the selected duty free item, at or near an exit point or on board the passenger carrier during the travel associated with the international travel ticket.

The claimed method further requires that the merchant

- To arrange delivery of the duty free item to the customer with the carrier without the merchant being required to pay at least a portion of a concession fee otherwise charged by the carrier to merchants for selling or delivering such duty free items; and,
- To determine the discounted price of the international travel ticket be based at least in part on a dollar value of the duty free item purchased from the merchant such that the portion of the concession fee not paid by the merchant on the dollar value is sufficient to allow the merchant to sell the international ticket at the discounted price.

Finally, the method as claimed requires the first, third, and fourth steps to be conducted over a computer network.

When reasonably broadly construed, the method of claim 1 covers a customer purchasing from a merchant, via a computer network, a ticket for

international travel at a discount if a duty free item is also purchased and a merchant (a) acknowledging the purchase and delivering the ticket via the computer network, (b) arranging for the duty free item to be delivered to the customer with the carrier without the merchant being required to pay at least a portion of a concession fee; and (c) advising the customer of delivery at or near an exit point or on board during travel associated with the ticket. The claim reads on the merchant applying the unpaid portion of the concession fee as a discount to the cost of the international travel ticket.

Method claims 11 and 96, the other independent claims on appeal, are similarly reasonably broadly construed.

We now turn to the rejections.

The rejection of claims 1, 2, 4, 5, 7-12, 14, 15, 17-20, 85, 96-102, 104, 105, and 108 under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, and Official Notice.

Walker discloses a drive-through whereby customers can purchase goods, which records license plate characters to be stored with corresponding transaction data, thereby providing customers with customized benefits. 1:49-67. Walker provides for adding a complimentary item as an ordered item free of charge, charged to a third party. 13:47-60. In essence, Walker discloses buying an item and getting another one for free.

The Examiner's position is that Walker discloses all the claim limitations but for "the first item being an international travel ticket and the second item being a duty free item" (Answer 5) and "all or a portion of the concession fee normally charged to merchants for selling or delivering duty

free items is not charged, the price of the travel ticket, the duty free item or the combination of both is accordingly reduced or discounted and that the duty free items are delivered at or near an exit point or on board a passenger carrier for which the international travel ticket is sold" (Answer 5).

To meet these limitations, Air France and Official Notice are relied upon, respectively.

According to the Examiner, "[i]t would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included in the invention of Walker international tickets and duty free items in order to motivate customer to buy international flights" and "[i]t would have been obvious in the combination of Walker and Air France to have included the teachings of the well known business method of passing on some or all the savings negotiated to the customers in order to provide the customer with discount and hopefully increase sale." Answer 5.

We have carefully reviewed the record and find that the preponderance of the evidence does not support the Examiner's legal conclusion of obviousness. We agree that it is a "leap from the generalized notion of the "buy one get one free" concept of Walker and the duty free discount concept of Air France to the recited "offering to sell a customer, over a computer network, a specific international travel ticket for travel with a first passenger carrier at a discounted price and one or more specific duty free items." App. Br. 9. This is especially so given Air France does not disclose duty free items, whose presence the claimed method requires a customer to also purchase when purchasing an international travel ticket at a discount. Furthermore, notwithstanding the fact that duty free items are

known per se, the cited prior art combination would not lead one of ordinary skill in the art to a method whereby a merchant "determines the discounted price of said specific international travel ticket based at least in part on a dollar value of one or more duty free items which are or must be purchased from the merchant such that the portion of the concession fee not paid by the merchant on the dollar value is sufficient to allow the merchant to sell the specific international ticket at the discounted price" (claim 1).

For the foregoing reasons, the rejection is reversed.

The rejection of claims 6 and 16 under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, Official Notice, and Ong-Yeoh.

Claim 6 depends from claim 1 and claim 16, from claim 11. This rejection is directed to claims dependent on claims 1 and 16, whose rejection we have reversed above. For the same reasons, we will not sustain the rejections of claims 6 and 16 over the cited prior art. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) ("[D]ependent claims are nonobvious if the independent claims from which they depend are nonobvious.")

NEW GROUND OF REJECTION

Pursuant to 37 C.F.R. § 41.50(b), we enter a new ground of rejection of claims 1, 2, 4-12, 14-20, 85, 96-102, 104, 105, and 108 under 35 U.S.C. § 103.

Taking claim 1 as representative and as we have reasonably broadly construed it (see supra), the method of claim 1 covers a customer purchasing from a merchant, via a computer network, a ticket for international travel at

a discount if a duty free item is also purchased and a merchant (a) acknowledging the purchase and delivering the ticket via the computer network, (b) arranging for the duty free item to be delivered to the customer with the carrier without the merchant being required to pay at least a portion of a concession fee; and (c) advising the customer of delivery at or near an exit point or on board during travel associated with the ticket. The claim reads on the merchant applying the unpaid portion of the concession fee as a discount to the cost of the international travel ticket.

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. At the time of the invention (2000), passing on savings from a sale by offering another item for sale at a discount was known.

2. At the time of the invention, it was known to offer an item for sale only if purchased with another item.

3. At the time of the invention, it was known to offer, purchase, and deliver items via the Internet.

4. Tickets for international travels and duty free items were known at the time of the invention.

5. At the time of the invention, it was known to arrange for duty free items to be delivered to a customer with a carrier for delivery at or near an exit point or on board during travel associated with an international ticket.

6. At the time of the invention, concession fees were known.

7. At the time of the invention, it was known that concession fees

apply to items "sold by a duty free store on which duties and/or internal revenue taxes, if any are applicable, have not been paid" (Specification 8:10-11, discussing Title 19 of the Code of Federal Regulations, §§ 19.35 et seq.).

8. Accordingly, concession fees do not apply to items not "sold by a duty free store on which duties and/or internal revenue taxes, if any are applicable, have not been paid" (Specification 8:10-11).

The difference between the claimed subject matter and what was known at the time of the invention is that the claimed method provides for a merchant to arrange for a duty free item to be delivered to the customer with a carrier without the merchant being required to pay at least a portion of a concession fee and the merchant applying an unpaid portion of the concession fee as a discount to the cost of the international travel ticket.

However, given that passing on savings to a customer from a sale by offering another item for sale at a discount was known (FF1) and that concession fees do not apply to items not "sold by a duty free store on which duties and/or internal revenue taxes, if any are applicable, have not been paid" (Specification 8:10-11) (FF8), it would have been obvious to one of ordinary skill in the art to make the combination whereby a merchant arranges for a duty free item to not be sold by a duty free store and thus not subject to a concession fee and the merchant applies the savings from an unpaid portion of the concession fee as a discount to the cost of the international travel ticket. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 415-416 (2007).

For the foregoing reasons, we reject claims 1, 2, 4-12, 14-20, 85, 96-102, 104, 105, and 108 under 35 U.S.C. § 103 as being unpatentable over the common knowledge of those with ordinary skill in the art at the time of the invention. (For a conclusion of obviousness, it is proper to rely on "common knowledge and common sense of the person of ordinary skill in the art without any specific hint or suggestion in a particular reference." *In re Bozek*, 416 F.2d at 1390 (CCPA 1969)).

CONCLUSIONS

The rejection of claims 1, 2, 4, 5, 7-12, 14, 15, 17-20, 85, 96-102, 104, 105, and 108 under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, and Official Notice and the rejection of claims 6 and 16 under 35 U.S.C. § 103(a) as being unpatentable over Walker, Air France, Official Notice, and Ong-Yeoh are reversed.

We reject claims 1, 2, 4-12, 14-20, 85, 96-102, 104, 105, and 108 under 35 U.S.C. § 103 as being unpatentable over the common knowledge of those with ordinary skill in the art at the time of the invention.

DECISION

The decision of the Examiner to reject claims 1, 2, 4-12, 14-20, 85, 96-102, 104, 105, and 108 is reversed.

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides "[a] new ground of rejection pursuant to

this paragraph shall not be considered final for judicial review."

37 C.F.R. § 41.50(b) also provides that the Appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

> • (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner
> • (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record

REVERSED; 37 C.F.R. § 41.50(b)

JRG